

Recognizing Employees through Incentive Awards

A GUIDE FOR FEDERAL EXECUTIVES AND SUPERVISORS

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Foreword

The will to work is a complex thing. Sometimes when we read about incentives, we get the impression that they are very simple, that after a man is employed by the best methods and paid adequately, then various "awards" dangled in front of him like a carrot in front of a donkey will insure that he works at his best.

Actually, motivation of a worker to do his utmost is a highly individualized matter. The problems of motivation vary with the nature of the organization, the attitudes prevailing among people who have been associated with the organization for a long time, different periods in an organization's history, and different stages in an individual employee's career. An award that may be a true incentive in one time and place may have little or no effect in another. An award, or expectation of an award, that spurs one employee to great effort may leave another employee indifferent. On top of this, there is the problem of handling individual recognition in such a way that cooperation among individuals is not jeopardized. Overstress on individual achievements may sometimes hold back good teamwork, as some of our great athletic coaches have learned. Also, it should be understood that incentive awards are concerned with "recognition" as well as with cash.

"Bigness" in modern organizations, which tends to separate management from the worker does not make an individualized approach easy. Success in the use of awards, therefore, is more dependent on the qualities of supervisory leadership than on any other condition. This is usually the kind of leadership that understands and uses awards and recognition as only one facet of good employer-employee relations, only a part of the complex of drives that motivate people to do their best work.

These and many other problems make the subject of incentive awards one that cannot be reduced to a simple formula. It is not one to be settled merely by high-pressure campaigns to get supervisors and employees to make use of awards. A great deal of fact finding in an individual situation is necessary. An organization that successfully uses incentive awards usually relies more on careful analysis than on supersalesmanship.

This pamphlet has been prepared primarily for executive and supervisory personnel in the Federal civil service. It is not a catalog of rules and regulations, but an attempt at a rational discussion that will help orient the executive who has not had time to give adequate consideration to the problem. It is hoped that it will lead to more intelligent use of awards and will avoid some of the difficulties that have been found in award and recognition systems in the past.



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I

The Importance of Recognizing Good Work

Why Do People Work?

Basically, people work to earn a living. While that is an obvious purpose for working, it is not the sole reason nor, for many, the most important. The more productive our activity is toward meaningful achievement, the happier we are. Work without pride of achievement is indeed an empty existence for employees and a costly one for management. The famous labor leader, Clinton S. Golden, has said:

“It must always be borne in mind that it is not exclusively the hope of material gain that prompts workers to organize or to respond to appeals to organize. It is the striving for more adequate means of expression, the desire for personal recognition, self-respect, and a creative, self-satisfying role in modern industrial society.”

Of course, everyone does not work for precisely the same reasons, and there are all degrees of work satisfaction. What are some of the principal satisfactions which people derive from their work?

1. *They have a sense of achievement.*—They are creating something of value or are rendering a service to their fellow beings.
2. *They are recognized for their achievements.*—They receive recognition in ways other than through the paycheck.
3. *They are paid in accordance with their achievement.*—They know that they will be compensated in the measure of their contributions toward the goals of the organization.
4. *They are able to respect their leaders.*—Their leaders are capable, understanding, and democratic human beings.
5. *They feel reasonably secure in their work.*—This includes security in their bread-winning prospects and in their status among their fellow workers.
6. *They feel that they have an opportunity to get ahead.*—They can look forward to something better.

7. *They have an opportunity to participate in decisions affecting their work.*—They know what is going on around them and have an opportunity to contribute to the policies of the organization of which they are a part.

8. *They are working in congenial surroundings.*—Their colleagues are friendly and honest, and the physical environment is pleasant.

Modern Organization and Human Incentive

Not long ago, most of the work of the world was done by small organizations. All types of organizations—business, industrial, governmental—have become progressively larger until now big organizations are common in this country. When most people worked in small shops or in family enterprises, the satisfactions of doing a good job were close at hand and easily discernible. They had the finished product itself which they could see, and they could easily enjoy the satisfying relationships of the people with whom they dealt. As organizations have become larger, work has become more impersonal and many of the compensations of good work have been lost.

Modern personnel administration has attempted to correct some of the undesirable results of big business, big industry, and big government, so far as the workers are concerned. It has increased awareness of the significance of human beings in the success of any endeavor. One of the techniques provided by modern personnel administration is planned and organized employee recognition systems.

Importance of Employee Recognition Systems

Recognition of superior performance through the granting of decorations, medals, property, or rights is very old. In military services, bravery was recognized in ancient times by granting citizenship to slaves who fought well and by gifts of estates or titles, as well as by advancement or promotion. Similar rewards were given to civilians who made outstanding contributions to their city or country.

Awards sometimes carry great monetary value. A Roman hero might have obtained the tax concession of a province. Whittle, the British inventor of the jet engine, was both knighted and granted £100,000 tax free, a tremendous fortune in today's England. On the other hand, most awards for bravery in battle mean a decoration and nothing more, but they are no less valued.

Such actions have at their base: (1) A demonstrable service to the State or employer; (2) the desirability of recognizing such service in a tangible form; and (3) the value of the recognition as an incentive to others. Because contributions vary widely in nature and value, and because individuals are appealed to in different ways, the awards granted must likewise be varied in both kind and value.

Many employers have decided that it is good business to provide a varied program of awards for special accomplishments. Contributions which plainly save money are rewarded with a share of the savings; other contributions merit citations or commendations meaning prestige among one's fellow employees and possibly promotion. Appropriate publicity is given to all such situations to encourage other workers and to show the employer's sincerity in seeking out and recognizing such accomplishments.

We have noted that one of the important satisfactions from work is recognition for work well done. Recognition in the present day of big organizations cannot be left to chance. At the same time, it must not be assumed that workers are not recognized unless an organization has a formal employee recognition system. There are always forms of recognition for good work whether or not a formal system exists. Nor do recognition systems provide the entire answer to the problem of increasing job satisfaction. Planned systems of employee recognition do remind management to give this responsibility deliberate attention, insure reasonably comparable recognition or awards for outstanding achievement, and compensate for the lack of closeness of the average worker to the end product of his labor.

II

Making an Incentive Awards System Work

Success Depends on the Attitude

What makes an incentive awards program work? The answer lies less in the organizational setup than in the attitudes of those who are using it. Where management is thoroughly interested in employee participation, any of a number of systems will work. If management is not genuinely concerned to get full participation by employees, the most elaborate machinery for encouraging maximum employee response will not sustain the program. Whatever the mechanics of the program, they must reflect a philosophy that recognizes the dignity of the individual employee and his potential contribution in a cooperative enterprise.

Flexibility and Variety

The range of incentive awards should be broad enough to give suitable recognition to people employed in various occupations and at different levels. Monetary recognition means more to some employees than honorary types of recognition. The kinds of award made should take into account the diverse responses of people. The important thing is recognition, of course. But recognition should be appropriate both in terms of the persons who receive it and the accomplishment for which it is given. It is apparent that no single type of award—monetary, honorary, or length of service—will suit all situations or be proper for all persons. In general, recognition should be such as to induce appreciation by the recipient and to stimulate others to emulate the achievements. Whatever the recognition may be—whether the casual “pat on the back,” letter of appreciation or commendation, granting of special privileges, cash award, or honorary awards—they should be considered appropriate by the employee and his associates. Maximum incentive values depend on the fitness in time and place and on the extent of the recognition accorded.

Interest of Top Management

It cannot be assumed that management always takes a keen interest in formal incentives programs. There are many situations where leadership

needs to be sold on the values such programs can have. Some administrators honestly question the whole idea of consultative management. Cautious and conservative, they look upon the responsibility for effective management of their organizations as unshared and indivisible. Paid to be leaders, they feel the ideas necessary to efficient administration must originate with themselves. Other administrators who are justifiably proud of well-oiled, productive, and efficient organizations may see no need for stimulating suggestions for change. Even progressive leaders who take the view that "no one of us is as smart as all of us" may not be convinced that a formal incentive program is a good way to induce desired employee participation in management.

Whatever may be the temper and tone of management, no incentive program can be completely successful without its whole-hearted and positive backing. Unless the top level of management sincerely favors the team concept and looks upon all employees as partners in the fellowship of workable ideas and methods; unless top leadership honestly wants to get employees to think of themselves as members of the team with responsibility not only for producing effectively on assigned tasks but for passing on their ideas and methods for improvement, any formal incentive program will be artificial in motivation, half-hearted in execution, and of dubious success.

To enlist full support from top leadership, an incentive program should be presented as one tool of management which has proved to be an asset in Government and private industry. Leadership by its nature is, or should be, concerned with encouraging employees to do their best. Formal incentive programs are one such means which management has used in varying forms for almost three quarters of a century. They should not be thought of or presented as ends in themselves. Nor should they be sold as a cure-all for all management problems. However, two factors basic to all incentives, that is, positive solicitation of plans and proposals for improvement and definite recognition of those who respond to the solicitation, should make sense to the leaders who are continuously alert for better ways of getting the job done.

There are many forms which the required high level interest may take. Among them is participation in public ceremonies honoring those who have met the organization's standards for achieving an award. Generous use of letters, articles, posters, and other promotional media bearing the photograph and signature of the agency head will give continued evidence of top support. Personal interest in the individuals whose exceptional achievement comes to his attention will go far in keeping the program producing.

In addition, management will find that incentive programs work or fail to the degree that they are accorded the same treatment as other management objectives. If management gives lip service to an incentive program but never gets around to providing adequate budget, personnel, or space for implementing the program, it has scant chance of success. If management, on the other hand, treats the program with the same attention,

interest, and dispatch accorded other programs, it will have the means and stimulus necessary to get the job done.

Supervisory Participation

While the broad framework of the awards program in Government is set by legislation, within the established limits there is room for wide varieties of adaptation. This is fortunate, because each immediate and second line supervisor must play a key part in any incentive program. Top and middle management depend ultimately on these levels of supervision to get the job done. The first line of management is charged with the responsibility of developing employees who can and do perform effectively and to stimulate them to participate fully in plans for increasing efficiency and economy of operations.

Hence, in considering which employees should be recognized, the reasons for the recognition accorded, and the type and extent of the recognition which is appropriate, the views of the immediate supervisor are indispensable. His full participation will strengthen his position as the key to effective personnel management, since he is held responsible for the success of other employee-management relationships. He is in a good position to appraise what is suitable recognition in individual cases and the impact such recognition will have on the morale and productivity of his unit.

In addition, such participation serves as continuous training of supervisors in management principles, giving evidence that unusual contributions by subordinates are a tribute to supervisors and reflect credit on their leadership. This means that a supervisor who does draw out ideas from his staff should be given credit explicitly for that achievement. The story is told of the division chief who called attention to some good procedural changes suggested by his subordinates and got this response from his bureau head: "How come *you* hadn't thought of that?" Suggestions and awards among his staff were not stimulated by that division chief again.

Employee Participation in Management—Its Own Reward

Tangible and monetary awards available in an incentive program should not be stressed to the degree that they are sought for their own sake. Recognition of one-time unusual accomplishment is important. But the principal goal should be to develop employees whose interest in the organization is such that they regularly and voluntarily submit their ideas for improvement and invest their best in day-to-day tasks.

Special forms of recognition should be publicized and accepted as just that—an *additional* honor. The best employee is one who looks upon his achievement as its own reward. If the agency program of career development adequately provides outlets for creative ability on the part of the employee, the incentive program can be an asset in encouraging individual initiative and promoting team spirit by tangible recognition of the types of

contributions the organization is seeking from all its work force. Maintaining the incentive program as a means to this end instead of an end in itself will enable the agency to provide recognition to all employees who merit it.

When Cash Awards Are Appropriate

Normally, cash awards as incentive media are appropriate when tangible savings to the Federal Government have been the result of the contributions of an individual or a group. Other contributions to overall employee morale, safety, or welfare may also be appropriately recognized by a monetary award. However, cash itself need not be the sole or chief award in any case. An act of heroism resulting in the saving of a life or the discovery or development of significant scientific ideas or devices which have far-reaching value to the Government and the public probably cannot adequately be recognized by monetary awards. A very high honorary award, with or without a supplementary cash award, would appear to be in order in such cases.

Utility of Group Awards

Special attention should be given to the recognition of groups which make unusual contributions to efficiency and economy of operations. Individual achievement in which one employee "stars" and receives personal recognition may have more immediate popular appeal. However, for the long-run accomplishment of the agency mission, the recognition of significantly productive groups will encourage the "team spirit" essential to effective organization. Top and middle management should be on the alert for organizational units whose output is consistently above average and whose team contributions exceed normal expectations, the recognition of which would provide stimulus to other units of the agency. To be of maximum value, group recognition should take the following factors into account:

1. The group recognized should be clearly identifiable as a homogeneous unit the contributions of which can readily be observed to exceed that of similar groups.
2. All members of the group recognized should have shared significantly in the group achievement. Where appropriate, the nature and extent of the award to any individual in the group may be made commensurate with his contribution to the achievement.
3. The accomplishment for which the group receives an award should be sufficiently outstanding that its recognition will commend itself to other groups as being well deserved and will serve to stimulate those groups to improve their own productivity.

Pitfalls to Avoid

1. *Jeopardizing teamwork*

No award system should be used in such a fashion that it works against a cooperative spirit among employees. In its most extreme form emphasis on individual achievement and recognition might result in employees' refraining from teamwork with their fellows for fear of giving away an idea for which they have hopes of getting individual credit.

In many cases such tendencies can be averted through group awards or through forms of recognition that do not stress the individuality of achievement at the expense of group teamwork. Individual competition is not the sole incentive. Incentive comes as much from the sense of achievement itself. Competition among independent groups may, however, provide good stimulus to productivity.

2. *Forgetting Nonmonetary Incentives*

It is a mistake to think of awards and recognition only in terms of money. Honor awards and the energizing effect of supervisory approval are often more important than cash in certain situations and with certain types of employees. As indicated earlier, systems for special recognition will be successful only as they are adapted to specific needs.

3. *Overlooking the Supervisor*

As previously stated, it is easy to underestimate the supervisor's role in motivating workers. Awards cannot take the place of the supervisor's expressed satisfaction with a job well done. Without the latter, an award becomes artificial. With supervisory approval, a special award may not even be necessary, except as it reinforces and gives evidence of reality to supervisory judgment.

4. *Overlooking Sustained Achievement*

Some employers have placed such heavy emphasis on ideas and suggestions that continuous high-level performance by workers may go unnoticed. More stress on sustained performance of high quality is needed whether awards are invoked or not. Continuously outstanding work by an employee or by a unit contributes most to efficient administration. Even as an example to others it may be a more enduring force than a single spectacular achievement.

At this point it may be said that too many administrators have assumed that recognition and awards were not for specialists whose job it is to develop new operating procedures or systems. This is a common reaction to incentive awards for "organization and methods examiners" or "systems accountants." But incumbents of such jobs are human too, and they vary in ability and achievement. Here the concept of sustained high quality performance is of special value. They should probably not get cash for

specific ideas that they are paid to contrive, but there is no reason why such specialists who consistently excel should not receive recognition just like anyone else.

5. Overlooking Other Motivating Factors

Men do not live by awards alone. The authors of this pamphlet have perhaps leaned over backward to make this clear. Good supervision and opportunity for participation in decision-making are probably more vital than awards in maintaining the will to work.

Most important of all is the work itself—the pride that comes from identification with a worthwhile cause, a good product, a task well done. An award system or liberal use of awards cannot take the place of efforts to develop satisfaction in the work being performed for its own sake.

Awards are tools available to management when they will be useful. They are not the only or even the primary means for motivating workers.

6. Oversimplification of the Will to Work

Related to some of the above topics and already pointed up in the early sections of this pamphlet is the whole question of complexity of the will to work. What makes people want to work and work well is governed by personal circumstances, education, mental health, and a variety of other factors over which the employer may have little or no control. As we have already seen, even where the employer does have some control, many conditions and practices affect worker motivation besides awards.

Therefore, the supervisor must guard against the assumption that an award that suits one situation will suit all situations or that an award that fits one employee will fit all employees. Not only do people differ, but time and place affect the utility of a recognition step. A small cash award may be a great incentive to a charwoman, but even a large one may be insufficient for a scientist who values professional acclaim higher. Also, there are peaks and valleys in an employee's will to work.

It is for such reasons that executives are cautioned against standardization of awards to the extent that there is little or no flexibility in tailoring them to meet individual cases.

III

Incentives Available in the Federal Service

Many of the financial incentives available in industry are not available in Government. Probably the most effective of those that are available is promotion. The individual knows that promotion is generally based on good performance and demonstration of ability to perform more responsible work.

Public Law 763 of the 83d Congress, provides, in addition, for cash awards or honorary recognition or both to nearly all Federal employees for significant contributions resulting in benefits to the Government. Such contributions may be in the form of ideas, suggestions, or inventions which save money or improve service; or they may consist of outstanding performance of assigned duties or of other personal acts meriting recognition of this kind.

The cash or honorary awards authorized by Congress may be made by the employing department or by other departments which benefit from the employee contribution.

Over and above departmental awards, the President is authorized in exceptionally meritorious cases to grant recognition in the form of cash or honorary awards in addition to those already made at the departmental level.

One form of financial reward that the Federal service lacks generally (although it has been developed in a few isolated cases) is incentive pay based directly and automatically on the volume of production. This is a type of financial incentive which is fairly common in piecework industrial production. In the few instances that it has been tried in Government, it has been under the authority to establish rates of pay on the basis of prevailing rates in the geographical areas in which the persons are employed. Employees whose pay rates are established on this basis are not covered by the Classification Act.

The financial and nonfinancial incentives outlined above are tools for the supervisor in motivating his subordinates toward outstanding performance. As stated earlier, he must employ them in the manner most likely to encourage that outstanding performance by his particular work group. If he is inept in human relations, the full sweep of formal incentives will not make up for it.

In an organization as large as the United States Government, there must, nevertheless, be a basic system of standards for various types of financial rewards and honorary recognitions and a standard method of soliciting the ideas of all employees for more efficient and more economical conduct of the work to be done. Occasionally supervisors object to the time required for careful review and evaluation of employees' suggestions or awards proposals. If it is part of the job of a supervisor to solicit and consider the ideas of all subordinates and to give proper recognition to outstanding performance, these objections are not valid. A supervisor's time would be or should be devoted to these activities whether or not a formal suggestion system or awards program exists. An incentive awards program, including an employee suggestion system, assures performance of these vital supervisory functions and gives management an opportunity to evaluate how well they are being done.

Despite the handicap of the overlapping and inadequate legislation then in effect, encouraging results were obtained during fiscal year 1953. In this period estimated first-year savings of more than \$57,000,000 were effected.

It is estimated that these dollar savings are actually multiplied at least several times, because first-year savings are repeated in succeeding years. Furthermore, the good results of a great many employee contributions are found in improved service rather than in money savings.

The new incentive awards legislation should make possible an even more impressive record than the above results show.